

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Wexford County Airport	County Wexford
Audit Date 12/31/04	Opinion Date 1/13/05	Date Accountant Report Submitted to State: 2/7/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

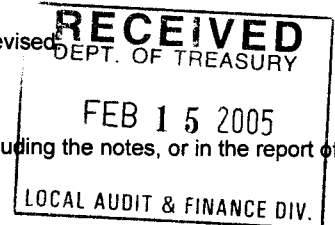
We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |



We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Baird, Cotter & Bishop, P.C.			
Street Address 134 W. Harris Street		City Cadillac	State MI
Accountant Signature 		ZIP 49601	Date 2/15/05

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2004

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WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

ANNUAL FINANCIAL REPORT
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January 13, 2005

INDEPENDENT AUDITORS' REPORT

To The Members of the Board
Wexford County Airport Authority
(A Component Unit of Wexford County)
Cadillac, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Wexford County Airport Authority, Michigan, as of and for the year ended December 31, 2004, which collectively comprise the Airport Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Wexford County Airport Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position, the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wexford County Airport Authority, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages iii through x and 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepting in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wexford County Airport Authority's, basic financial statements. The individual financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The individual financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2004

The management of the Wexford County Airport Authority offers this narrative overview and analysis of the financial activities of the Airport for the fiscal year ended December 31, 2004 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Airport's financial activity. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements as a whole.

Financial Highlights

Government-Wide

- ❖ The assets of the Airport exceeded its liabilities at the close of this fiscal year by \$2,219,998 (shown as *Net Assets*), representing an increase of \$48,416 over the previous fiscal year. Governmental Funds increased for the year by \$50,668, while Business-Type activities decreased by \$2,252. Of the net assets only \$162,917 is unrestricted, the remaining assets are invested in capital assets net of related debt.

Fund Level Financial Highlights

- ❖ As of December 31, 2004, the governmental funds of the Wexford County Airport Authority reported combined ending fund balances of \$61,039 of which \$42,246 is unreserved.
- ❖ The unreserved fund balance of the Airport's Operating Fund increased this year to \$28,652, or 6.32% of total operating fund expenditures.

Debt

- ❖ The Wexford County Airport Authority's total debt decreased by \$11,098 during the fiscal year.

Overview of the Financial Statements

The Wexford County Airport Authority's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements This report includes government-wide statements as required by GASB Statement Number 34. The *government-wide financial statements* are designed to provide a broad overview of the Airport's financial position. The Statement of Net Assets and the Statement of Activities are two financial statements that report information about the Airport as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2004

The *Statement of Net Assets* (Pages 1-2) presents information on all of the Airport's assets and liabilities, the difference between the two being reported as the Net Assets of the Airport. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Airport is improving or deteriorating. An increase in net assets would indicate an improvement in financial condition. On the other hand, a consistent decrease over time in net assets may indicate a decline in the financial health of an organization.

The *Statement of Activities* (Page 3) gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent fiscal year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

Both of these statements distinguish functions of the Airport that are principally supported by fuel sales and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or most of their costs through rents, user fees and charges (business-type activities). Governmental activities of the Airport include general government and capital improvements. Business-type activities of the Airport include the operation of T-Hangar rental buildings.

Fund Financial Statements

Traditional users of governmental financial statements will find the Fund Financial Statements presentation more familiar. The focus has shifted, however, to Major Funds, rather than the previous focus on fund types. All of the Airport's funds are considered major funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Each fund is operated similar to a completely separate entity, with its own set of balancing accounts. The Wexford County Airport Authority uses fund accounting to ensure compliance with finance-related legal requirements. The Airport has two basic types of funds: governmental funds and proprietary funds.

Governmental Funds Many of the Airport's basic services are reported in the governmental funds. Governmental funds account for essentially the same functions as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This is known as the modified accrual system of accounting. Under this reporting system, capital items, debt payments and certain other items are treated differently than on the government-wide statements. These items are recorded in the governmental fund statements on the Statement of Revenues, Expenditures and Changes in Fund Balance as an expenditure. No depreciation is recorded on capital items. The balance sheet for governmental funds does not include any capital items or long-term debt. Governmental funds for the Airport include the Operating Fund and Capital Improvement Fund.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2004

Proprietary Funds Proprietary funds account for services for which the Airport charges its customers for the services they are provided. There are two types of proprietary funds, however, the Airport only has the following:

- Enterprise funds are used to report business-like activities of the Airport. These activities intend to recover the full cost of the services through the rent charged to the customers. The T-Hangar Fund is an Enterprise Fund.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide additional information that is essential to a complete understanding of the information provided in both the government-wide and the fund financial statements. The notes can be found beginning on Page 11 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements. This information can be found beginning on Page 23 of this report.

Government-Wide Financial Analysis

The Statement of Net Assets is the first statement in the Government-Wide Financial Statements section of this document. This statement is useful for providing an indicator of the Airport's financial position over time. The Net Assets of the Airport are \$2,219,998 at December 31, 2004, meaning that the Airport's assets were greater than its liabilities by this amount. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. A comparison with the previous fiscal year is presented in order to show the change in Net Assets over the previous fiscal year.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2004

WEXFORD COUNTY AIRPORT AUTHORITY
NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Current and Other Assets	\$ 64,810	\$ 72,285	\$ 110,821	\$ 95,232	\$ 175,631	\$ 167,517
Capital Assets	1,877,331	1,853,604	195,752	213,989	2,073,083	2,067,593
Total Assets	\$ 1,942,141	\$ 1,925,889	\$ 306,573	\$ 309,221	\$ 2,248,714	\$ 2,235,110
Long-term Liabilities	\$ 0	\$ 44,999	\$ 0	\$ 0	\$ 0	\$ 44,999
Other Liabilities	26,585	16,002	2,131	2,527	28,716	18,529
Total Liabilities	\$ 26,585	\$ 61,001	\$ 2,131	\$ 2,527	\$ 28,716	\$ 63,528
Net Assets						
Invested in capital assets net of related debt	\$ 1,861,329	\$ 1,827,602	\$ 195,752	\$ 213,989	\$ 2,057,081	\$ 2,041,591
Unrestricted	54,227	37,286	108,690	92,705	162,917	129,991
Total Net Assets	\$ 1,915,556	\$ 1,864,888	\$ 304,442	\$ 306,694	\$ 2,219,998	\$ 2,171,582

The most significant portion of the Airport's Net Assets is the investment in capital assets (e.g. land, buildings, equipment, infrastructure, and others), less any related debt that is outstanding that the Airport used to acquire or construct the asset. The Airport has \$162,917 in unrestricted Net Assets. These assets represent resources that are available for appropriation, but are limited by Airport policies regarding their use.

The total net assets of the Airport increased \$48,416 in this fiscal year, which is a good indicator that the Airport experienced positive financial growth during the year. As a result, the Airport ended the fiscal year in better condition than when the year started.

The following table illustrates and summarizes the results of the changes in the Net Assets for the Airport. The condensed information was derived from the government-wide Statement of Activities.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2004

Wexford County Airport Authority
Change in Net Assets

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues						
Charges for Services	\$ 205,002	\$ 169,495	\$ 58,044	\$ 64,126	\$ 263,046	\$ 233,621
Operating Grants and Contributions	71,800	171,241	0	0	71,800	171,241
Capital Grants and Contributions	170,000	0	0	0	170,000	0
General Revenues						
Unrestricted						
Investment Earnings	501	622	627	467	1,128	1,089
Other	3,164	137	0	0	3,164	137
Total Revenues	\$ 450,467	\$ 341,495	\$ 58,671	\$ 64,593	\$ 509,138	\$ 406,088
Expenses						
General Government	\$ 426,364	\$ 410,751	\$ 0	\$ 0	\$ 426,364	\$ 410,751
T-Hanger	0	0	34,358	29,473	34,358	29,473
Total Expenses	\$ 426,364	\$ 410,751	\$ 34,358	\$ 29,473	\$ 460,722	\$ 440,224
Changes in Net Assets						
Before Transfers	\$ 24,103	\$ (69,256)	\$ 24,313	\$ 35,120	\$ 48,416	\$ (34,136)
Transfers In (Out)	26,565	0	(26,565)	0	0	0
Increase in Net Assets	\$ 50,668	\$ (69,256)	\$ (2,252)	\$ 35,120	\$ 48,416	\$ (34,136)
Beginning Net Assets	1,864,888	1,934,144	306,694	271,574	2,171,182	2,205,718
Ending Net Assets	\$ 1,915,556	\$ 1,864,888	\$ 304,442	\$ 306,694	\$ 2,219,598	\$ 2,171,582

Financial Analysis of the Government's Funds

Governmental Activities At the completion of the Airport's fiscal year ended December 31, 2004, its governmental funds reported fund balances of \$61,039. Of this amount, \$42,246 is unreserved.

Operating Fund – The Operating Fund is the main operating fund of the Airport. The Operating Fund increased its fund balance in this fiscal year by \$23,040, bringing the balance to \$47,445.

Capital Improvement Fund – The Capital Improvement Fund is used to account for financial resources to be used for the acquisition of equipment or construction of capital facilities other than those financed by the Proprietary Fund. During the year the fund expended \$7,197 of its available

WEXFORD COUNTY AIRPORT AUTHORITY
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2004

fund balance on a new roof for the Terminal that cost approximately \$7,603 paid for with available fund balance. The remaining fund balance at year end is \$13,594.

Proprietary Funds The Airport's proprietary fund provides virtually the same information as the government-wide statements, however more detail may be found in the fund financial statements.

T-hangar Fund – The Airport's T-Hangar Fund is an enterprise fund used to account for all the acquisitions and operations of hangar buildings which the Authority leases out for storage of private aircrafts. The T-Hangar Fund currently has no debt as all the hangers are now paid for. For the year ended December 31, 2004, the fund decreased net assets by \$2,252 to \$304,442. Of these net assets, \$195,752 are invested in capital assets and the remaining \$108,690 is unrestricted. Excess funds generated by this fund will be used in the future for building maintenance and possibly hanger expansion.

General Fund Budgetary Highlights

Over the course of the year, the Airport revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Airport's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements for the Operating Fund and the Capital Improvements Fund.

Capital Asset and Debt Administration

Capital Assets

At December 31, 2004, the Airport had net capital assets of \$2,073,083 invested in broad range of capital assets. The following table breaks down the various components of the Airport's capital assets.

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 97,700	\$ 0	\$ 0	\$ 97,700
Capital assets, being depreciated				
Buildings	\$ 634,118	\$ 177,603	\$ 0	\$ 811,721
Land improvements	2,572,179	0	0	2,572,179
Office equipment and Furniture	8,752	0	0	8,752
Machinery and equipment	257,466	0	0	257,466

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2004

	Beginning Balance	Increase	Decrease	Ending Balance
Total capital assets, being depreciated	\$ 3,472,515	\$ 177,603	\$ 0	\$ 3,650,118
Less accumulated depreciation for:				
Buildings	\$ 202,135	\$ 15,090	\$ 0	\$ 217,225
Land Improvements	1,303,431	128,609	0	1,432,040
Office equipment and Furniture	6,539	710	0	7,249
Machinery and equipment	204,506	9,467	0	213,973
Total accumulated depreciation	\$ 1,716,611	\$ 153,876	\$ 0	\$ 1,870,487
Total capital assets, being depreciated, net	\$ 1,755,904	\$ 23,727	\$ 0	\$ 1,779,631
Governmental activities capital assets, net	\$ 1,853,604	\$ 23,727	\$ 0	\$ 1,877,331
<u>Business-Type Activities</u>				
Capital assets, being depreciated				
Buildings and building improvements	\$ 526,115	\$ 4,400	\$ 0	\$ 530,515
Land improvements	104,459	0	0	104,459
Total capital assets, being depreciated	\$ 630,574	\$ 4,400	\$ 0	\$ 634,974
Less accumulated depreciation for:				
Buildings and building improvements	\$ 352,631	\$ 18,501	\$ 0	\$ 371,132
Land improvements	63,954	4,136	0	68,090
Total accumulated depreciation	\$ 416,585	\$ 22,637	\$ 0	\$ 439,222
Business-type activities capital assets, net	\$ 213,989	\$ (18,237)	\$ 0	\$ 195,752
Net capital per Statement of Net Assets				\$ 2,073,083

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2004

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ <u>153,876</u>
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Business-type activities:

T-Hangar	\$ <u>22,637</u>
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Debt

At the end of this year, the Airport had \$16,002 in a contract loan outstanding versus \$26,002 in the previous year. The loan consisted of the following:

	<u>2004</u>	<u>2003</u>
Flexible Airline Fuel Farm Loan	\$ <u>16,002</u>	\$ <u>26,002</u>

The other obligation is for employee-compensated absences is as follows:

Employee-compensated absences	\$ <u>6,812</u>	\$ <u>7,910</u>
-------------------------------	-----------------	-----------------

Economic Factors and Next Year's Budgets and Rates

- Over the past several years, the Airport has experienced a negative trend related to its financial condition. The basic issue has been flat or declining revenues and increasing costs, but this year the Airport showed a \$50,668 increase in net assets. This was due to non-recurring income of \$196,565 that is made up of a \$170,000 donation of a Hangar and a \$26,565 transfer from the T-Hangar Fund. The Airport is also decreasing costs such as, Payroll and Health Benefits. As the Airport looks to the future the Airport will consider ways to manage its budget in order to continue to provide services to the public.

Contacting the Airport's Financial Management

This financial report is designed to provide the Airport's citizens, customers, investors and creditors with a general overview of the Airport's finances and to demonstrate the Airport's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Wexford County Airport Authority, 8040 E 34 Mile Road, Cadillac, Michigan 49601.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS

DECEMBER 31, 2004

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
<u>Current Assets</u>			
Cash	\$ 19,434	\$ 105,903	\$ 125,337
Investments	27,477	0	27,477
Accounts Receivable	2,651	1,373	4,024
Internal Balances	(3,545)	3,545	0
Inventories	18,387	0	18,387
Prepaid Expenses	406	0	406
Total Current Assets	\$ 64,810	\$ 110,821	\$ 175,631
<u>Non Current Assets</u>			
Capital Assets	\$ 3,747,818	\$ 634,974	\$ 4,382,792
Less Accumulated Depreciation	(1,870,487)	(439,222)	(2,309,709)
Total Non Current Assets	\$ 1,877,331	\$ 195,752	\$ 2,073,083
Total Assets	\$ 1,942,141	\$ 306,573	\$ 2,248,714
<u>Liabilities and Net Assets</u>			
<u>Liabilities</u>			
<u>Current Liabilities</u>			
Accrued Payroll	\$ 2,149	\$ 0	\$ 2,149
Payroll Withholding Payable	1,502	0	1,502
Compensated Absences	6,812	0	6,812
Customer Deposits Payable	120	2,131	2,251
Current Portion of Non Current Liabilities	16,002	0	16,002
Total Current Liabilities	\$ 26,585	\$ 2,131	\$ 28,716

The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

STATEMENT OF NET ASSETS

DECEMBER 31, 2004

	Governmental Activities	Business-type Activities	Total
<u>Non Current Liabilities</u>			
Equipment Contract Payable	\$ 16,002	\$ 0	\$ 16,002
Less Current Portion of Non Current Liabilities	(16,002)	0	(16,002)
Total Non Current Liabilities	\$ 0	\$ 0	\$ 0
Total Liabilities	\$ 26,585	\$ 2,131	\$ 28,716
<u>Net Assets</u>			
Invested in Capital Assets Net of Related Debt	\$ 1,861,329	\$ 195,752	\$ 2,057,081
Unrestricted	54,227	108,690	162,917
Total Net Assets	\$ 1,915,556	\$ 304,442	\$ 2,219,998

The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2004

	Program Revenues			Net (Expense) Revenue and		
	Charges for	Operating	Capital	Changes in Net Assets		
	Expenses	Services	Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Governmental Activities						
General Government	\$ 426,364	\$ 205,002	\$ 71,800	\$ 170,000	\$ 20,438	\$ 0
Business-type Activities						\$ 20,438
T-Hanger	34,358	58,044	0	0	23,686	23,686
Total	\$ 460,722	\$ 263,046	\$ 71,800	\$ 170,000	\$ 20,438	\$ 23,686
						\$ 44,124
<u>GENERAL REVENUES</u>						
Unrestricted Investment Earnings						
Other Revenues						
Transfers						
Total General Revenues and Transfers						
Change in Net Assets						
NET ASSETS - Beginning of Year						
NET ASSETS - End of Year						

The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

DECEMBER 31, 2004

	Operating Fund	Capital Improvement Fund	Total Governmental Funds
<u>Assets</u>			
Cash	\$ 19,434	\$ 0	\$ 19,434
Investments	0	27,477	27,477
Receivables (Net, Where Applicable of Allowances for Uncollectables)			
Accounts	2,651	0	2,651
Due From Other Funds	13,883	0	13,883
Inventory - Fuel	18,387	0	18,387
Prepaid Expenses	406	0	406
Total Assets	<u>\$ 54,761</u>	<u>\$ 27,477</u>	<u>\$ 82,238</u>
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Payroll Withholdings	\$ 1,502	\$ 0	\$ 1,502
Due to Other Funds	3,545	13,883	17,428
Customer Deposits	120	0	120
Accrued Payroll	2,149	0	2,149
Total Liabilities	<u>\$ 7,316</u>	<u>\$ 13,883</u>	<u>\$ 21,199</u>
<u>Fund Balance</u>			
Reserved for Inventory and Prepaid Expenses	\$ 18,793	\$ 0	\$ 18,793
Unreserved, Undesignated	28,652	13,594	42,246
Total Fund Balances	<u>\$ 47,445</u>	<u>\$ 13,594</u>	<u>\$ 61,039</u>
Total Liabilities and Fund Balance	<u>\$ 54,761</u>	<u>\$ 27,477</u>	<u>\$ 82,238</u>

The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

DECEMBER 31, 2004

Total Governmental Fund Balances	\$ 61,039
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of the capital assets is	3,747,818	
Accumulated depreciation is	<u>(1,870,487)</u>	1,877,331

Long term liabilities are not due and payable in the current period and are not reported in the funds.

Equipment Contracts Payable	(16,002)	
Compensated Absences	<u>(6,812)</u>	

NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,915,556</u>
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The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2004

	Operating Fund	Capital Improvement Fund	Total Governmental Funds
<u>Revenues</u>			
Intergovernmental Revenues	\$ 71,800	\$ 0	\$ 71,800
Charges for Services	166,847	0	166,847
Interest and Rents	38,250	406	38,656
Other Revenue	173,164	0	173,164
Total Revenues	<u>\$ 450,061</u>	<u>\$ 406</u>	<u>\$ 450,467</u>
<u>Expenditures</u>			
General Government	\$ 272,886	\$ 0	\$ 272,886
Capital Outlay	170,700	7,603	178,303
Debt Service			
Principal	10,000	0	10,000
Total Expenditures	<u>\$ 453,586</u>	<u>\$ 7,603</u>	<u>\$ 461,189</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,525)	\$ (7,197)	\$ (10,722)
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 26,565	\$ 0	\$ 26,565
Net Change in Fund Balance	\$ 23,040	\$ (7,197)	\$ 15,843
Fund Balance - Beginning of Year	24,405	20,791	45,196
Fund Balance - End of Year	<u>\$ 47,445</u>	<u>\$ 13,594</u>	<u>\$ 61,039</u>

The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
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RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2004

Net change in Fund Balances Total Governmental Funds	\$ 15,843
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense	(153,876)
Capital Outlay	177,603

Repayments of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities).	10,000
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Employees compensated absences are reported on the accrual method in the statement of activities, and recorded as expenditures when financial resources are used in the governmental funds.

Compensated Absences - Beginning of Year	7,910
Compensated Absences - End of Year	<u>(6,812)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 50,668</u>
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The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
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STATEMENT OF NET ASSETS
PROPRIETARY FUND

DECEMBER 31, 2004

	<u>Assets</u>	<u>T-Hanger Fund</u>
<u>Current Assets</u>		
Cash		\$ 105,903
Receivables (Net, Where Applicable, of Allowances for Uncollectables):		
Accounts		1,373
Due from Other Funds		<u>3,545</u>
Total Current Assets		<u>\$ 110,821</u>
<u>Property, Plant and Equipment</u>		
Buildings and Improvements		530,515
Taxiways		<u>104,459</u>
		\$ 634,974
Less Accumulated Depreciation		<u>(439,222)</u>
Total Property, Plant and Equipment		<u>\$ 195,752</u>
Total Assets		<u>\$ 306,573</u>
	<u>Liabilities and Net Assets</u>	
<u>Liabilities</u>		
Customer Deposits		<u>\$ 2,131</u>
<u>Net Assets</u>		
Invested in Capital Assets		\$ 195,752
Unrestricted		<u>108,690</u>
Total Net Assets		<u><u>\$ 304,442</u></u>

The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

DECEMBER 31, 2004

	<u>T-Hanger Fund</u>
<u>Operating Revenues</u>	
Charges for Services	\$ 58,044
<u>Operating Expenses</u>	
Utilities	\$ 2,190
Insurance	2,106
Repair and Maintenance	2,562
Snow Removal	3,000
Depreciation	22,637
Service Charges	363
Audit	1,500
Total Operating Expenses	\$ 34,358
Operating Income (Loss)	\$ 23,686
<u>Nonoperating Revenues (Expenses)</u>	
Interest Income	627
Income (Loss) Before Transfers	\$ 24,313
<u>TRANSFERS</u>	
Operating Transfers In (Out)	
Operating Fund	\$ (26,565)
Change in Net Assets	\$ (2,252)
<u>Net Assets - Beginning of Year</u>	306,694
<u>Net Assets - Ending of Year</u>	\$ 304,442

The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

DECEMBER 31, 2004

	<u>T-Hanger Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers and Users	\$ 66,946
Payment to Suppliers	(11,720)
Transfers In (Out)	(26,565)
Net Cash Provided by Operating Activities	<u>\$ 28,661</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	\$ (4,400)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	<u>\$ 627</u>
Net Increase (Decrease) in Cash and Cash Equivalents	 \$ 24,888
<u>Cash and Cash Equivalents</u> - Beginning of Year	<u>81,015</u>
<u>Cash and Cash Equivalents</u> - End of Year	<u>\$ 105,903</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	<u>\$ 23,686</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	\$ 22,637
(Increase) Decrease in Current Assets	
Accounts Receivable	1,279
Due from Other Funds	8,020
Increase (Decrease) in Current Liabilities	
Customer Deposits Payable	(396)
Transfers In (Out)	<u>(26,565)</u>
Total Adjustments	<u>\$ 4,975</u>
Net Cash Provided by Operating Activities	<u>\$ 28,661</u>

The notes to the financial statements are an integral part of this statement.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Wexford County Airport Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Airport's accounting policies are described below.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Airport's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Airport's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Airport has implemented the provisions of Statement #34 effective January 1, 2003.

A. Reporting Entity

The Wexford County Airport Authority is organized to own and operate the Wexford County Airport at Cadillac, Michigan. The Authority board is composed of seven members, four of whom are appointed by Wexford County and three of whom are appointed by the City of Cadillac. As such, the Authority is considered to be a component unit of Wexford County.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. The Authority grants credit to its customers for hangar rental and aviation fuel sales, of which the majority are based in the Cadillac, Michigan area.

For external financial reporting purposes, the Authority includes all funds that are controlled by or dependent on the Authority's legislative branch.

B. Government-wide and Fund Financial Statements

For the year 2003, the Airport adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

Statements No. 37 and No. 38, and applied those standards on a retroactive basis. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset categories.

Invested in Capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, and contributions, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets which do not meet the definition of the two preceding categories. Unrestricted net assets are often designated, to indicate that management does not consider them to be available for general operations. Unrestricted net assets often have constraints on resources which are imposed by management, but can be modified or removed.

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially responsible.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

The government-wide focus is more on the sustainability of the Airport as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The fund financial statements are similar to the financial statements presented in the previous financial reporting model.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government has the following fund types:

Governmental funds are used to account for the authority's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The authority considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

GOVERNMENTAL FUNDS include the following fund types:

The *Operating Fund* of the Authority is used to account for all financial resources except those required to be accounted for in another fund. The fund includes the general operating expenditures of the Authority. Revenues are derived primarily from fuel sales and intergovernmental revenues.

The *Capital Improvement Fund* is used to account for financial resources to be used for the acquisition of equipment or construction of capital facilities (other than those financed by the Proprietary Fund).

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The Authority applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Proprietary funds include the T-Hangar Fund which is an enterprise fund used to account for all the acquisitions and operations of hangar buildings which the Authority leases out for storage of private aircraft.

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NOTES TO FINANCIAL STATEMENTS
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The fund is operated in a manner similar to a private business where the intent of the Authority is that the costs (expenses, including depreciation) of providing this service to the general public on a continuing basis be financed or recovered through user charges.

D. Assets, Liabilities and Equity

1. Deposits and Investments

The Airport Treasurer is limited to investments authorized by Act 20 of 1943, as amended, and may invest in the following:

- i. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- ii. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the Wexford County Airport Authority at the Authority's organizational meeting after each regular election of members.
- iii. Commercial paper rated at time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- iv. Repurchase agreements consisting of instruments listed in (i).
- v. Banker's acceptances of United States banks.
- vi. Obligations of this state or any of its political subdivisions that at the time of purchase are rated investment grade by not less than one standard rating service.
- vii. Mutual funds registered under the Investment Company Act of 1940, title I of chapter 686, 54 Stat. 789 15 U.S.C. 80a-3 and 80a-4 to 80a-64, with the authority to purchase only investment vehicles that are legal for direct investment by the Authority. This authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share.
- viii. Investment pools through an interlocal agreement under the Urban Cooperation Act of 1967, 1967 (Ex Sess) PA 7, MCL 124.512.
- ix. Investment pools organized under the Surplus Funds Investment Pool Act, 1982 PA 367, 129.118.

WEXFORD COUNTY AIRPORT AUTHORITY
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CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the Airport are depreciated using the straight line method over the following estimated useful lives:

WEXFORD COUNTY AIRPORT AUTHORITY
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CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

<u>ASSETS</u>	<u>YEARS</u>
Buildings	50
Hangers	25
Equipment and Furniture	10-20
Improvements	20
Land	N/A
Vehicles	10

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated value on the date donated.

5. Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for nonvesting, unpaid accumulated sick leave. Vacation pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. On the government-wide statements, this liability is recorded.

6. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

In the fund financial statements, governmental fund types the face amount of debt issued is reported as other financing sources.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to December 31, the Airport manager submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Once the Airport Authority Board approves the budget, it is submitted to the Wexford County Board of Commissioners and the Cadillac City Council for approval of their respective appropriations for Airport operations.
3. Budgets are adopted on the same modified accrual basis used to reflect actual revenues and expenditures.
4. Budgeted amounts are as originally adopted or as amended, by the Authority Board, from time to time during the year.
5. All appropriations lapse at year end.

B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations occurred in the following funds: Operating Fund expenditures of \$453,586 exceeded appropriations of \$318,147 by \$135,439. Capital Improvement Fund expenditures of \$7,603 exceeded appropriations of \$5,000 by \$2,603.

NOTE 3. DETAILED NOTES

A. Deposits and Investments

Cash received by the Authority is deposited in various accounts which in the aggregate represent the cash reflected in the combined balance sheet at December 31, 2004. Substantially all cash at December 31, 2004, is maintained in interest bearing checking accounts. The Authority has \$220 of petty cash on hand.

WEXFORD COUNTY AIRPORT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

At year-end, the carrying amount of the Authority's cash is as follows:

CARRYING AMOUNT (AT COST)	BANK BALANCE
\$ 125,117	\$ 123,220

Of the bank balance, \$100,000 is FDIC insured and the remaining \$23,220 is uninsured.

The Airport's investments are categorized in the following schedule to give an indication of the level of risk assumed by the entity at year end.

Category 1 - Investments that are insured or registered or for which the securities are held by the Airport or its agent in the Airport's name.

Category 2 - Uninsured and unregistered investments for which the securities are held by the counterparty's trust department (if a bank), or agent in the Airport's name.

Category 3 - Uninsured and unregistered investments for which the securities are held by the broker, dealer, or agent but not in the Airport's name.

	CATEGORY			CARRYING AMOUNT	FAIR VALUE
	1	2	3		
Investments					
Money Market Fund	\$ 0	\$ 0	\$ 27,477	\$ 27,477	\$ 27,477

A reconciliation of cash and investments follows:

Cash on Hand	\$ 220
Carrying amount of Deposits	152,594
Total	\$ 152,814
Government-wide Statement of Net Assets	
Cash	\$ 125,337
Investment	27,477
Total	\$ 152,814

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

B. Receivables

Receivables as of year end for the government's individual major funds, including the applicable allowances for uncollectible accounts are as follows:

	Governmental Activities	Business-type Activities	Totals
Accounts	\$ 2,651	\$ 1,373	\$ 4,024

C. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 97,700	\$ 0	\$ 0	\$ 97,700
Capital assets, being depreciated				
Buildings	\$ 634,118	\$ 177,603	\$ 0	\$ 811,721
Land improvements	2,572,179	0	0	2,572,179
Office equipment and Furniture	8,752	0	0	8,752
Machinery and equipment	257,466	0	0	257,466
Total capital assets, being depreciated	\$ 3,472,515	\$ 177,603	\$ 0	3,650,118
Less accumulated depreciation for:				
Buildings	\$ 202,135	\$ 15,090	\$ 0	\$ 217,225
Land Improvements	1,303,431	128,609	0	1,432,040
Office equipment and Furniture	6,539	710	0	7,249
Machinery and equipment	204,506	9,467	0	213,973
Total accumulated depreciation	\$ 1,716,611	\$ 153,876	\$ 0	\$ 1,870,487
Total capital assets, being depreciated, net	\$ 1,755,904	\$ 23,727	\$ 0	\$ 1,779,631
Governmental activities capital assets, net	\$ 1,853,604	\$ 23,727	\$ 0	\$ 1,877,331

WEXFORD COUNTY AIRPORT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Business-Type Activities</u>				
Capital assets, being depreciated				
Buildings and building improvements	\$ 526,115	\$ 4,400	\$ 0	\$ 530,515
Land improvements	104,459	0	0	104,459
Total capital assets, being depreciated	\$ 630,574	\$ 4,400	\$ 0	\$ 634,974
Less accumulated depreciation for:				
Buildings and building improvements	\$ 352,631	\$ 18,501	\$ 0	\$ 371,132
Land improvements	63,954	4,136	0	68,090
Total accumulated depreciation	\$ 416,585	\$ 22,637	\$ 0	\$ 439,222
Business-type activities capital assets, net	\$ 213,989	\$ (18,237)	\$ 0	\$ 195,752
Net capital per Statement of Net Assets				<u>\$ 2,073,083</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ <u>153,876</u>
Business-type activities:	
T-Hangar	\$ <u>22,637</u>

D. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at December 31, 2004, were:

<u>FUND</u>	INTERFUND RECEIVABLES	INTERFUND PAYABLES
Operating Fund	\$ 13,883	\$ 3,545
Capital Projects Funds		
Capital Improvement Fund	0	13,883
Enterprise Funds		
T-Hangar Fund	3,545	0
	<u>\$ 17,428</u>	<u>\$ 17,428</u>

WEXFORD COUNTY AIRPORT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
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E. Leases

The Authority owns and/or operates hangar buildings which it leases out to private plane owners. These leases are all annual or month-to-month leases. The Authority leases facilities to a fixed base operator on an annual basis. There are no long-term lease commitments.

F. Debt

The following is a summary of debt transactions of the Wexford County Airport Authority for the year ended December 31, 2004:

	COMPENSATED ABSENCES	NOTE PAYABLE FUEL FARM	TOTAL
Debt Payable at January 1, 2004	\$ 7,910	\$ 26,002	\$ 33,912
Additions	1,072	0	1,072
Reductions	(2,170)	(10,000)	(12,170)
Debt Payable at December 31, 2004	\$ 6,812	\$ 16,002	\$ 22,814

Debt payable at December 31, 2004, is comprised of the following:

Compensated absences, vested sick, and vacation pay owed to Airport employees as prescribed by the Airport's Employee Handbook.	\$ 6,812
\$16,002, Flexible Airline Fuel Farm. Note due in annual installments of \$10,000 each through 2004, with a balloon payment of \$16,002 due December 15, 2005. This note is a non-interest bearing note.	16,002
	\$ 22,814

The annual requirements to amortize the fuel farm note payable as of December 31, 2004, are as follows:

YEAR ENDING DECEMBER 31,	PRINCIPAL	INTEREST	TOTAL
2005	\$ 16,002	\$ 0	\$ 16,002

WEXFORD COUNTY AIRPORT AUTHORITY
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004

G. Fund Balance Reserves and Designations

In order to comply with generally accepted accounting principles and meet certain legal requirements, the Airport has reserved fund balances in the operating fund. This reserve is detailed in the following schedule:

FUND BALANCE

Reserved	
Operating Fund	
Inventory and Prepaids	\$ <u>18,793</u>

NOTE 4. OTHER INFORMATION

A. Risk Management

The Authority has purchased a commercial insurance policy in order to minimize any potential risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims have not exceeded coverage limits in any of the last three years.

B. Subsequent Event

A 20 year lease on a hangar expired January 1, 2005. The building is the property of the authority as of January 1, 2005.

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUNDS

YEAR ENDED DECEMBER 31, 2004

	<u>OPERATING FUND</u>				<u>CAPITAL IMPROVEMENT FUND</u>			
	Original Budget	Final Budget	Actual	Variance With Final Budget	Original Budget	Final Budget	Actual	Variance With Final Budget
<u>Revenues</u>								
Intergovernmental Revenues	\$ 75,504	\$ 66,878	\$ 71,800	\$ 4,922	\$ 165,000	\$ 165,000	\$ 0	\$ (165,000)
Charges for Services	133,545	148,045	166,847	18,802	0	0	0	0
Interest and Rents	38,924	40,808	38,250	(2,558)	450	450	406	(44)
Other Revenue	0	3,500	173,164	169,664	0	0	0	0
Total Revenues	\$ 247,973	\$ 259,231	\$ 450,061	\$ 190,830	\$ 165,450	\$ 165,450	\$ 406	\$ (165,044)
<u>EXPENDITURES</u>								
General Government	\$ 248,102	\$ 300,147	\$ 272,886	\$ 27,261	\$ 0	\$ 0	\$ 0	\$ 0
Capital Outlay	0	8,000	170,700	(162,700)	5,000	5,000	7,603	(2,603)
Debt Service	10,000	10,000	10,000	0	0	0	0	0
Total Expenditures	\$ 258,102	\$ 318,147	\$ 453,586	\$ (135,439)	\$ 5,000	\$ 5,000	\$ 7,603	\$ (2,603)
Excess of Revenues Over (Under) Expenditures	\$ (10,129)	\$ (58,916)	\$ (3,525)	\$ 55,391	\$ 160,450	\$ 160,450	\$ (7,197)	\$ (167,647)
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers In	\$ 10,000	\$ 15,000	\$ 26,565	\$ 11,565	\$ 0	\$ 0	\$ 0	\$ 0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	\$ (129)	\$ (43,916)	\$ 23,040	\$ 66,956	\$ 160,450	\$ 160,450	\$ (7,197)	\$ (167,647)
<u>FUND BALANCE - Beginning of Year</u>	24,405	24,405	24,405	0	20,791	20,791	20,791	0
<u>FUND BALANCE - End of Year</u>	\$ 24,276	\$ (19,511)	\$ 47,445	\$ 66,956	\$ 181,241	\$ 181,241	\$ 13,594	\$ (167,647)

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

OPERATING FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Cash	\$ 19,434	\$ 20,104
Accounts Receivable		
Trade (Net of \$1,200 Allowance for Uncollectibles)	2,651	4,218
Due from Other Funds		
Capital Improvement Fund	13,883	4,050
Inventory - Fuel	18,387	12,044
Prepaid Insurance	406	613
	<hr/>	<hr/>
TOTAL ASSETS	\$ 54,761	\$ 41,029
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 1,316
Payroll Withholdings	1,502	1,666
Due to Other Funds	3,545	11,565
Customer Deposits	120	162
Accrued Payroll	2,149	1,915
	<hr/>	<hr/>
Total Liabilities	\$ 7,316	\$ 16,624
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for:		
Inventory and Prepaid Expense	\$ 18,793	\$ 12,657
Unreserved		
Undesignated	28,652	11,748
	<hr/>	<hr/>
Total Fund Balance	\$ 47,445	\$ 24,405
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 54,761	\$ 41,029
	<hr/>	<hr/>

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Intergovernmental Revenues			
Grants from Local Units			
Wexford County	\$ 40,000	\$ 40,000	\$ 45,301
City of Cadillac	26,878	31,800	30,200
Total Intergovernmental Revenues	\$ 66,878	\$ 71,800	\$ 75,501
Charges for Services			
Operating Fees	\$ 320	\$ 260	\$ 375
Landing Fees	2,400	2,011	2,410
100 Low Lead Fuel Sales	90,000	98,121	82,115
Jet Fuel Sales	54,000	65,480	43,783
Oil Sales	120	77	77
Resale Items	1,205	898	1,174
Total Charges for Services	\$ 148,045	\$ 166,847	\$ 129,934
Interest and Rents			
Interest Income	\$ 120	\$ 95	\$ 110
Rental Income			
Hangar Rental and Tie Downs	\$ 12,500	\$ 10,498	\$ 11,417
Airport Facility Rental	25,188	24,657	25,144
Equipment Rental	3,000	3,000	3,000
Total Rental Income	\$ 40,688	\$ 38,155	\$ 39,561
Total Interest and Rents	\$ 40,808	\$ 38,250	\$ 39,671
Other Revenue			
Parking Fees	\$ 0	\$ 0	\$ 60
Refunds and Rebates	3,500	3,164	0
Contributions and Donations from Private Sources	0	170,000	0

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Commissions	0	0	75
Miscellaneous	0	0	2
Total Other Income	\$ 3,500	\$ 173,164	\$ 137
Total Revenues	\$ 259,231	\$ 450,061	\$ 245,243
<u>EXPENDITURES</u>			
Personal Services			
Managers' Salary	\$ 32,445	\$ 31,301	\$ 29,163
Other Wages	29,987	21,810	48,183
Contractual Services			
Board Per Diem	2,100	1,350	1,875
Professional Services	9,400	6,182	8,010
Telephone	2,400	2,690	2,536
Insurance	14,220	13,485	12,477
Repairs and Maintenance	33,641	28,629	17,036
Resale Supplies			
100 Low Lead Fuel	70,000	74,286	58,245
Jet Fuel	45,000	41,498	25,389
Aviation Oil	60	0	0
Other	838	823	533
Operating Supplies	6,200	5,452	3,442
Office Supplies	3,400	3,244	2,030
Utilities	9,550	7,926	7,107
Travel and Education	600	817	991
Advertising	600	473	38
Employee Fringe Benefits	20,192	14,267	34,919
Capital Outlay	8,000	170,700	7,700
Debt Service			
Principal	10,000	10,000	10,000

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

OPERATING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2004
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED DECEMBER 31, 2003

	<u>2004</u>		<u>2003</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Miscellaneous			
Sales Tax	8,854	9,354	7,193
Fuel and Oil - Airport Use	4,600	4,145	2,580
Dues and Fees	450	270	245
Service Charges	140	118	85
Credit Card Expense	4,600	4,010	2,457
Miscellaneous	870	756	178
Total Expenditures	\$ 318,147	\$ 453,586	\$ 282,412
Excess of Revenues Over (Under) Expenditures	\$ (58,916)	\$ (3,525)	\$ (37,169)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)			
T-Hangar Fund	\$ 15,000	\$ 26,565	\$ 0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	\$ (43,916)	\$ 23,040	\$ (37,169)
<u>FUND BALANCE</u> - Beginning of Year	24,405	24,405	61,574
<u>FUND BALANCE</u> - End of Year	\$ (19,511)	\$ 47,445	\$ 24,405

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

CAPITAL IMPROVEMENT FUND

COMPARATIVE BALANCE SHEET
DECEMBER 31,

	<u>ASSETS</u>	<u>2004</u>	<u>2003</u>
Investments		\$ 27,477	\$ 46,871
 <u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable		\$ 0	\$ 22,030
Due to General Fund		13,883	4,050
Total Liabilities		\$ 13,883	\$ 26,080
 <u>FUND BALANCE</u>			
Unreserved			
Designated for:			
Facility Improvements		13,594	20,791
TOTAL LIABILITIES AND FUND BALANCE		\$ 27,477	\$ 46,871

WEXFORD COUNTY AIRPORT AUTHORITY

(A Component Unit of Wexford County)

CADILLAC, MICHIGAN

CAPITAL IMPROVEMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>REVENUES</u>		
Intergovernmental Revenues		
State Grants	\$ 0	\$ 5,750
Federal Grants	0	89,990
Interest and Rents		
Interest Income	406	512
Total Revenues	<u>\$ 406</u>	<u>\$ 96,252</u>
<u>EXPENDITURES</u>		
Capital Outlay - Self Serve Fuel Point	\$ 0	\$ 22,030
Capital Outlay - Terminal Roof	7,603	0
Capital Outlay - ILS Clearing	0	99,790
Total Expenditures	<u>\$ 7,603</u>	<u>\$ 121,820</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (7,197)	\$ (25,568)
<u>FUND BALANCE</u> - Beginning of Year	<u>20,791</u>	<u>46,359</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 13,594</u>	<u>\$ 20,791</u>

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

T-HANGAR FUND

COMPARATIVE STATEMENT OF NET ASSETS
DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	\$ 105,903	\$ 81,015
Accounts Receivable	1,373	2,652
Due from Other Funds	3,545	11,565
Total Current Assets	<u>\$ 110,821</u>	<u>\$ 95,232</u>
<u>FIXED ASSETS</u>		
Buildings and Improvements	\$ 530,515	\$ 526,115
Taxiways	104,459	104,459
Accumulated Depreciation	(439,222)	(416,585)
Total Fixed Assets	<u>\$ 195,752</u>	<u>\$ 213,989</u>
 TOTAL ASSETS	 <u>\$ 306,573</u>	 <u>\$ 309,221</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Customer Deposits	<u>\$ 2,131</u>	<u>\$ 2,527</u>
<u>NET ASSETS</u>		
Invested in Capital Assets	\$ 195,752	\$ 213,989
Unrestricted	108,690	92,705
Total Net Assets	<u>\$ 304,442</u>	<u>\$ 306,694</u>

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

T-HANGAR FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
YEARS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>OPERATING REVENUES</u>		
Charges for Services		
Hangar Rental	\$ 58,044	\$ 64,126
<u>OPERATING EXPENSES</u>		
Utilities	\$ 2,190	\$ 2,237
Insurance	2,106	2,106
Repair and Maintenance	2,562	180
Snow Removal	3,000	3,000
Depreciation	22,637	21,660
Service Charges	363	290
Audit	1,500	0
Total Operating Expenditures	\$ 34,358	\$ 29,473
Operating Income	\$ 23,686	\$ 34,653
<u>NONOPERATING REVENUES (EXPENSES)</u>		
Interest Income	\$ 627	\$ 467
Income (Loss) Before Transfers	\$ 24,313	\$ 35,120
<u>TRANSFERS</u>		
Operating Transfers In (Out)		
Operating Fund	(26,565)	0
Change in Net Assets	\$ (2,252)	\$ 35,120
<u>TOTAL NET ASSETS - Beginning of Year</u>	306,694	271,574
<u>TOTAL NET ASSETS - End of Year</u>	\$ 304,442	\$ 306,694

WEXFORD COUNTY AIRPORT AUTHORITY
(A Component Unit of Wexford County)
CADILLAC, MICHIGAN

T-HANGAR FUND
COMPARATIVE STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31,

	<u>2004</u>	<u>2003</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Operating Income	\$ 23,686	\$ 34,653
Adjustments to Reconcile Net Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	22,637	21,660
Accounts Receivable (Increase) Decrease	1,279	(729)
Due to/from Other Funds (Increase) Decrease	8,020	(11,279)
Customer Deposits Increase (Decrease)	(396)	1,055
Transfers In (Out)	(26,565)	0
Net Cash Provided by Operating Activities	\$ 28,661	\$ 45,360
<u>CASH FLOWS FROM CAPITAL AND</u>		
<u>RELATED FINANCING ACTIVITIES:</u>		
Acquisition of Capital Assets - New Roof	\$ (4,400)	\$ (16,920)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest Received	\$ 627	\$ 467
Net Increase in Cash and Cash Equivalents	\$ 24,888	\$ 28,907
<u>CASH AND CASH EQUIVALENTS - Beginning of Year</u>	<u>81,015</u>	<u>52,108</u>
<u>CASH AND CASH EQUIVALENTS - End of Year</u>	<u>\$ 105,903</u>	<u>\$ 81,015</u>

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M. WAYNE BEATTIE, C.P.A.
1902 - 1990
JACK H. BAIRD, C.P.A.
JERRY L. COTTER, C.P.A.
DALE D. COTTER, C.P.A.

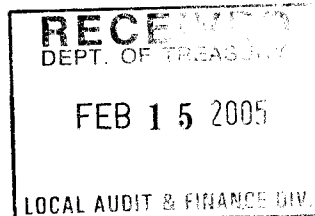
JOHN H. BISHOP, C.P.A.
ROBERT V. BEATTIE, C.P.A.
DOUGLAS P. McMULLEN, C.P.A.
JOHN F. TAYLOR, C.P.A.
STEVEN C. ARENDS, C.P.A.
SCOTT A. HUNTER, C.P.A.
JONATHAN E. DAMHOF, C.P.A.
MICHAEL D. COOL, C.P.A.

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

January 13, 2005

Members of the Board
Wexford County Airport Authority
(A Component Unit of Wexford County)
Cadillac, Michigan



We have completed our audit of your financial statements for the year ended December 31, 2004. As a result of our audit, we would like to make the following comments and recommendations.

Records

The Airport records were found to be in good order.

Budget Information

The Operating and Capital Improvement Fund budgets must be timely adopted and amended as necessary to comply with state law. We recommend continued effort to adjust the current year budget as necessary. Also, the state budgeting act does not allow a budget to be legally adopted that would result in a deficit ending fund balance, which your amended General Fund budget does.

Credit Card Policy

With the Airport now having a credit card, the Board needs to adopt a policy as required by P.A. 266 of 1995.

Material Weakness in Internal Control

In planning and performing our audit of the financial statements of the Wexford County Airport Authority for the year ended December 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

The relatively small number of people involved in the accounting functions of the Airport make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce, to a relatively low level, the risk that errors or irregularities in amounts that would be material to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

The foregoing is a communication which is required by Statement on Auditing Standards Number 60. We realize that it is not feasible for the Board to establish a larger accounting staff in order to implement proper segregation of duties, the Board should insure that adequate fidelity bonds are maintained for all persons responsible for handling Authority funds.

This report is intended solely for the information and use of the Board, management, and others within the organization. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

We appreciate the Airport staff's cooperative spirit and assistance in completing our audit. We would also like to thank the Board for this opportunity to be of service. If there are any questions regarding the foregoing or any other accounting matters, please do not hesitate to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.